



September 5, 2007

Charitable Gaming
Directive No. 10.02.03

Hall (Minimum Standards and Rental Fee Restrictions)

BACKGROUND

Act 382 of the Public Acts of 1972, as amended (Act), allows for the issuance of bingo hall licenses. The Charitable Gaming Rules require licensed halls to comply with the Act, rules, and directives of the bureau.

Section 9 of the Act states in pertinent part: "The entire net proceeds of an event shall be devoted exclusively to the lawful purposes of the licensee. A licensee shall not incur or pay an item of expense in connection with the holding, operating, or conducting of an event except the following expenses in **reasonable amounts** . . .

(c) Rental of the location at which the event is conducted." [Emphasis added.]

Hall Rule 1004 states in pertinent part: "(1) Upon the issuance of a hall license or the renting or allowing the usage of a licensed hall for the conduct of a licensed gaming event, the hall licensee agrees to all of the following terms and conditions:

(a) To be bound by and comply with the act, these rules, terms of probation, directives of the bureau, public policy of the state of Michigan, and any other local, state, and federal laws and regulations."

Hall Rule 1005 states: "(1) The hall licensee shall not charge or accept a fee for rent different from the fee that has been approved in writing by the bureau.

(2) The rental fee stated in the agreement, as specified in R 432.21331, shall include all charges payable to the hall licensee for services related directly or indirectly to the conduct of bingo at the licensed hall.

(3) Any changes to the original rental agreement shall be submitted to the bureau in writing for approval prior to implementation. These changes shall be agreed to by both the hall licensee and bingo licensee."

SECURE LOCKED STORAGE

1. All new bingo halls and any existing bingo hall that increases the number of bingo occasions allowed under the license shall be required to provide each bingo licensee a lockable secure storage unit(s) with a minimum 36 cubic feet.

MONEY COUNTING ROOM

2. All new bingo halls and any existing bingo hall that increases the number of bingo occasions allowed under the license shall be required to provide a secure money counting room for use by the bingo licensees with a minimum 100 square feet.

RENTAL FEE

3. The maximum rental amount will be based on a physical inspection of the hall by a representative of the bureau and completion of the Hall Rent Evaluation form.
4. The amount charged by a hall licensee shall be negotiated with the bingo licensee and stated in the signed and dated rental agreement.
5. A hall's maximum rental amount may be increased, decreased, or frozen by the bureau based on the score from the hall evaluation.
6. The maximum rental amounts based upon individual hall evaluations are listed in the chart below. The hall licensee is allowed to charge an amount negotiated with the bingo licensee up to, but not exceeding, the maximum rental amount approved by the bureau.

Score	Max. Rental Amt.
96 – 115	Unlimited
81 – 95	10% yearly increase or the CPI whichever is greater. Maximum rent of \$750 per occasion.
66 – 80	5% yearly increase or the CPI, whichever is greater. Maximum rent of \$650 per occasion.
Zero – 65	Frozen at highest current rental amount charged or \$250, whichever is greater.

NEW HALLS

7. A new applicant's hall must receive a minimum evaluation score of 66 before it may be licensed.

Signed copy available upon request

Thomas M. Weber, Acting Lottery Commissioner

Date